

Cost of Living Student Handout

Your schooling is rapidly coming to an end. When you finish high school, you will need to move out on your own and support yourself. This is something that happens to young people all over the world. In this project we will be looking at making a living and supporting yourself – both in Canada and in other countries.

In order to do this project, you will need to know how to do research, how to keep track of your sources, and how to present what you find to others.

Part I – Earning a Living in Canada

1. When you are living on your own you will need to have a job. There are literally an infinite number of jobs. Write down what jobs you think sound interesting to you. These do not necessarily need to be a job you plan to have (but could be) but just include jobs you think sound interesting:
2. As a class we will be brainstorming a list together. Then you will need to pick one for future you. List the job you have chosen below:
3. Your first task will be to research the salary for your chosen career. Determine the average annual salary for your chosen career. Use a reputable site to find this information. Once you have calculated your gross annual salary use that to determine your gross monthly salary and then your net monthly salary (use the CRA deductions calculator to find your net pay).
4. Fill out a pay statement for your job, showing all deductions.

Part II – Earning a Living Abroad

We have previously discussed that different currencies are worth different amounts. The most well-known example is the Canadian and US dollars. A Canadian dollar is worth less than a US dollar. This difference not only expresses itself when you're buying something, but will also be seen in salaries of people working and living in those countries.

1. Your first job is to determine the average salary of a person working the same job in another country. First you will need to decide on a country. Below list a country – it can be one you have always wanted to visit, one you want to learn more about, or just one picked at random (don't be too obscure you will need to research this country!)

2. Determine the average salary of a person working at your chosen career **in your country in their local currency**. (Make sure to keep track of the website where you found this for your bibliography).
3. Calculate the monthly gross salary, the deductions you would pay (try to get as accurate research as possible), and what the average net monthly salary would be. There are many websites that will help you calculate income tax in foreign countries, but don't forget to research other deductions that may come off of a paycheck.

Part III – Comparing Salaries

How does the salary in the foreign country compare to the same career in Canada? We have previously studied exchange rates. Research the current exchange rate between Canada and your chosen country. Calculate the monthly net salary for the job in both countries in Canadian dollars. Are the two salaries similar? Are they different? If they are different, why do you think that is.

Part IV – Taxes

Compare the taxes and payroll deductions in Canada vs the taxes rate in the foreign country. Also research what other taxes are paid in both countries. How do the two levels of deductions compare to each other? Make a list of what government services are provided from these taxes. Focus on things such as:

- Health care
- Education
- Old Age Security/Pensions
- Transportation
- Other key government expenditures

Do you think it is good value for money?

Part V – The Big Mac Index

One of the methods that economists use to do monetary comparisons is the “Big Mac Index”. This takes something that is identical (or at least very similar) between two countries, and compares the cost of it between those two countries.

Look up the Big Mac Index of Canada and the Big Mac Index of your foreign country. How do these compare? How would this affect the salary mentioned above? Why is it important to compare the cost of similar items in different countries?

Part VI – Presentation

Prepare a presentation of your findings.